

106TH CONGRESS  
2D SESSION

# H. R. 5099

To amend title XVIII of the Social Security Act to make improvements to the Medicare+Choice Program under part C of the Medicare Program.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 27, 2000

Mr. UDALL of New Mexico introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend title XVIII of the Social Security Act to make improvements to the Medicare+Choice Program under part C of the Medicare Program.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Medicare+Choice Program Improvement Act of 2000”.

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

- Sec. 2. Increase in national per capita Medicare+Choice growth percentage in 2001 and 2002.
- Sec. 3. Increasing minimum payment amount.
- Sec. 4. Allowing movement to 50:50 percent blend in 2002.
- Sec. 5. Increased update for payment areas with only one or no Medicare+Choice contracts.
- Sec. 6. Permitting higher negotiated rates in certain Medicare+Choice payment areas below national average.
- Sec. 7. 10-year phase-in of risk adjustment based on data from all settings.
- Sec. 8. Delay from July to November 2000 in deadline for offering and withdrawing Medicare+Choice plans for 2001.

1 **SEC. 2. INCREASE IN NATIONAL PER CAPITA**  
 2 **MEDICARE+CHOICE GROWTH PERCENTAGE**  
 3 **IN 2001 AND 2002.**

4 Section 1853(c)(6)(B) of the Social Security Act (42  
 5 U.S.C. 1395w-23(c)(6)(B)) is amended—

- 6 (1) in clause (iii), by adding “and” at the end;  
 7 (2) by striking clauses (iv) and (v);  
 8 (3) by redesignating clause (vi) as clause (iv);  
 9 and

10 (4) in clause (iv), as so redesignated, by strik-  
 11 ing “after 2002” and inserting “after 2000”.

12 **SEC. 3. INCREASING MINIMUM PAYMENT AMOUNT.**

13 (a) IN GENERAL.—Section 1853(c)(1)(B)(ii) of the  
 14 Social Security Act (42 U.S.C. 1395w-23(c)(1)(B)(ii)) is  
 15 amended—

- 16 (1) by striking “(ii) For a succeeding year” and  
 17 inserting “(ii)(I) Subject to subclause (II), for a suc-  
 18 ceeding year”; and

19 (2) by adding at the end the following new sub-  
 20 clause:

1 “(II) For 2002 for any of the 50  
 2 States and the District of Columbia,  
 3 \$500.”.

4 (b) EFFECTIVE DATE.—The amendments made by  
 5 subsection (a) apply to years beginning with 2002.

6 **SEC. 4. ALLOWING MOVEMENT TO 50:50 PERCENT BLEND IN**  
 7 **2002.**

8 Section 1853(c)(2) of the Social Security Act (42  
 9 U.S.C. 1395w–23(c)(2)) is amended—

10 (1) by striking the period at the end of sub-  
 11 paragraph (F) and inserting a semicolon; and

12 (2) by adding at the end the following flush  
 13 matter:

14 “except that a Medicare+Choice organization may  
 15 elect to apply subparagraph (F) (rather than sub-  
 16 paragraph (E)) for 2002.”.

17 **SEC. 5. INCREASED UPDATE FOR PAYMENT AREAS WITH**  
 18 **ONLY ONE OR NO MEDICARE+CHOICE CON-**  
 19 **TRACTS.**

20 (a) IN GENERAL.—Section 1853(c)(1)(C)(ii) of the  
 21 Social Security Act (42 U.S.C. 1395w–23(c)(1)(C)(ii)) is  
 22 amended—

23 (1) by striking “(ii) For a subsequent year”  
 24 and inserting “(ii)(I) Subject to subclause (II), for  
 25 a subsequent year”; and

1           (2) by adding at the end the following new sub-  
2       clause:

3                       “(II) During 2002, 2003, 2004, and  
4                       2005, in the case of a Medicare+Choice  
5                       payment area in which there is no more  
6                       than one contract entered into under this  
7                       part as of July 1 before the beginning of  
8                       the year, 102.5 percent of the annual  
9                       Medicare+Choice capitation rate under  
10                      this paragraph for the area for the pre-  
11                      vious year.”.

12       (b) CONSTRUCTION.—The amendments made by sub-  
13       section (a) do not affect the payment of a first time bonus  
14       under section 1853(i) of the Social Security Act (42  
15       U.S.C. 1395w–23(i)).

16       **SEC. 6. PERMITTING HIGHER NEGOTIATED RATES IN CER-**  
17                       **TAIN MEDICARE+CHOICE PAYMENT AREAS**  
18                       **BELOW NATIONAL AVERAGE.**

19       Section 1853(c)(1) of the Social Security Act (42  
20       U.S.C. 1395w–23(c)(1)) is amended—

21               (1) in the matter preceding subparagraph (A),  
22       by striking “or (C)” and inserting “(C), or (D)”;  
23       and

24               (2) by adding at the end the following new sub-  
25       paragraph:

1                   “(D)     PERMITTING     HIGHER     RATES  
2                   THROUGH NEGOTIATION.—

3                   “(i) IN GENERAL.—For each year be-  
4                   ginning with 2001, in the case of a  
5                   Medicare+Choice payment area for which  
6                   the Medicare+Choice capitation rate under  
7                   this paragraph would otherwise be less  
8                   than the United States per capita cost  
9                   (USPCC), as calculated by the Secretary,  
10                  a Medicare+Choice organization may ne-  
11                  gotiate with the Secretary an annual per  
12                  capita rate that—

13                  “(I) reflects an annual rate of in-  
14                  crease up to the rate of increase speci-  
15                  fied in clause (ii);

16                  “(II) takes into account audited  
17                  current data supplied by the organiza-  
18                  tion on its adjusted community rate  
19                  (as defined in section 1854(f)(3)); and

20                  “(III) does not exceed the United  
21                  States per capita cost, as projected by  
22                  the Secretary for the year involved.

23                  “(ii) MAXIMUM RATE DESCRIBED.—  
24                  The rate of increase specified in this clause  
25                  for a year is the rate of inflation in private

1 health insurance for the year involved, as  
2 projected by the Secretary, and includes  
3 such adjustments as may be necessary—

4 “(I) to reflect the demographic  
5 characteristics in the population under  
6 this title; and

7 “(II) to eliminate the costs of  
8 prescription drugs.

9 “(iii) ADJUSTMENTS FOR OVER OR  
10 UNDER PROJECTIONS.—If this subpara-  
11 graph is applied to an organization and  
12 payment area for a year, in applying this  
13 subparagraph for a subsequent year the  
14 provisions of paragraph (6)(C) shall apply  
15 in the same manner as such provisions  
16 apply under this paragraph.

17 “(iv) DEADLINE FOR COMPLETION OF  
18 NEGOTIATIONS.—The Secretary shall com-  
19 plete negotiations with a Medicare+Choice  
20 organization under clause (i) for a year by  
21 not later than 90 days after the date the  
22 organization entered into negotiations with  
23 the Secretary.”.

1 **SEC. 7. 10-YEAR PHASE-IN OF RISK ADJUSTMENT BASED ON**  
 2 **DATA FROM ALL SETTINGS.**

3 Section 1853(a)(3)(C)(ii) of the Social Security Act  
 4 (42 U.S.C. 1395w-23(c)(1)(C)(ii)) is amended—

5 (1) by striking the period at the end of sub-  
 6 clause (II) and inserting a semicolon; and

7 (2) by adding at the end the following flush  
 8 matter:

9 “and, beginning in 2004, insofar as such  
 10 risk adjustment is based on data from all  
 11 settings, the methodology shall be phased-  
 12 in in equal increments over a 10-year pe-  
 13 riod, beginning with 2004 or (if later) the  
 14 first year in which such data is used.”.

15 **SEC. 8. DELAY FROM JULY TO NOVEMBER 2000 IN DEAD-**  
 16 **LINE FOR OFFERING AND WITHDRAWING**  
 17 **MEDICARE+CHOICE PLANS FOR 2001.**

18 Notwithstanding any other provision of law, the dead-  
 19 line for a Medicare+Choice organization to withdraw the  
 20 offering of a Medicare+Choice plan under part C of title  
 21 XVIII of the Social Security Act (or otherwise to submit  
 22 information required for the offering of such a plan) for  
 23 2001 is delayed from July 1, 2000, to November 1, 2000,  
 24 and any such organization that provided notice of with-  
 25 drawal of such a plan during 2000 before the date of en-

1 actment of this Act may rescind such withdrawal at any  
2 time before November 1, 2000.

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